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# THE STRUCTURE *of* SOVIET RUSSIA

ECONOMIC AND POLITICAL

By WILFRED R. HUMPHRIES

TEN CENTS



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**ECONOMIC AND POLITICAL**

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## Publishers' Note

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Mr. Humphries, a Social Settlement worker in the Hawaiian Islands, was for eleven months a war work secretary of the Y. M. C. A. in Soviet Russia. Reaching Russia at a time when there was no Russian army to work for, Mr. Humphries was employed in doing American publicity work, assisting in the smuggling into Germany and Austria of one million copies of President Wilson's fourteen points speech. Later, for the American Red Cross he was in charge of Serbian refugee colonization work in Russia. He traveled 20,000 miles in northern and central Russia and in Siberia, and had business relations with over one hundred local Soviets.

He met personally Lenin, Lunacharski, Alexandra Kollontay, Tchichernin, Petroff and other prominent leaders. He was present at the Constituent Assembly and at the third and fourth of the All-Russian Congresses of Workmen's and Peasants' Deputies. Mr. Humphries met leaders of the opposition parties, and attended meetings of the Mensheviks, left and right wing Social-Revolutionaries, Constitutional Democrats and Anarchists in his endeavor to understand the struggle.

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# The Structure of Soviet Russia

## Political and Economic.

Thoughtful people in America are wondering at the strength and stability of the "ever-tottering" Soviet Government of Russia, and are realizing that the Russian bolshevists cannot be dismissed with a wave of the hand.

There is a real government today in Russia. Over the largest contiguous territory inhabited by the white race the soviet flag flies. Go where you will in that territory, thousands of miles from Moscow or Petrograd, and you will find village and city soviets nearly identical with those you left behind you under the shadow of the Red Capital.

Whilst decentralization has gone very far there is a degree of centralized control that hardly seemed possible of attainment a couple of years ago.

Then there was real anarchy—on the railroads, in the factories, on the front and in the villages. All had taken their affairs into their own hands, and were acting without any regard at all to the interests of the people as a whole.

In the Fall of nineteen-seventeen, during the last weeks of the Kerensky regime and the first period of Soviet rule, factory workers were anarchistically seizing control of their factories without co-ordinated plans, often succeeding only in ruining expensive machinery and making the belated discovery that their managers and technicians were not so dis-

pensable after all. Those that didn't seize their factories presented extravagant wage demands to their employers. The employers paid the wages but increased their prices, thus forcing the burden upon the workers again, who again made fresh wage demands; and the vicious circle was only broken later when the workers, organized nationally, took over all power. Then the wage-scales were adjusted and often reduced. The Begatyr Rubber Works was a case in point, where the workers by successive strikes or threats to strike had forced from the private employers a minimum wage of 2200 rubles a month, which was more than the average worker's product could be sold for. Later, when the factory was nationalized, the Rubber Central of the Supreme Economic Council had to face the disagreeable task of **reducing** the wage to a minimum of 1200 rubles.

Nor were the factory workers the only lawless ones. The capitalists evaded the taxation laws of the Provisional Government, were shameless in their food profiteering, and their representatives in Kerensky's government blocked all attempts at control. Food prices kept leagues ahead of wages. And Kerensky's coalition government was powerless and practically without a program.

And things were not any better out in the country. A wave of agrarian pogroms swept over the governments of Tambov, Penza and Voronezh in September 1917. The landlords would not give way one tittle of their privileges in favor of the rural communes; the peasants on the contrary were determined to secure the recognition of their contention that

the land belongs to the community that works it. "God gave the land," they say, "to all the Russian people, and intended that every child born in Russia should have his birth-right in the soil."

The landlords organized white guards and arrested peasant land committees that had been appointed by Victor Chernoff, Minister of Agriculture in the Kerensky Cabinet.

The peasants replied by sacking many landlords' mansions with the aid of their soldier sons who had returned from the front, and the skies were often reddened that summer by burning manors and hay ricks. They seized all that was movable, divided among themselves the big landlords' cattle, sheep, pigs, horses, farm machines, etc., and destroyed as going concerns many efficiently-managed large estates.

Two irreconcilables were thus clashing, the clamorous masses versus the embattled owners of Russia, and as a result **complete anarchy was reigning in the central provinces of Russia on the eve of the Bolshevik revolution.**

Far from the Soviets having plunged Russia into anarchy, it was their resolute seizure of power that saved Russia from completely going over the brink. This dynamic determined group of city workers and younger peasants was compactly organized and had a clean-cut program.

Kerensky had tried coalition government, the democratic union of all classes, but it had failed. The landlords and captains of industry had frustrated his efforts to realize in practice the great social changes that the masses were demanding.

When the Soviets, led by the Bolsheviks, assumed power, they declared for working-class dictatorship during the transition period. They didn't believe that the propertied classes could be expected to assist in the work of destroying capitalism.

Had the big landlords and the owners of industrial capital been less stubborn and stiff-necked when they had their chance under Kerensky, they might have held much of their power for many years, and they could have had a measure of compensation for what was taken from them; but they seemed to have little comprehension of the social forces that were at work. They believed that industrial and agrarian unrest could be met with machine guns and cajolery. And so, for good or for ill, there came the bolshevik revolution by which the proletariat seized all power. Had I returned from Russia at that time I should have reported that the situation was hopeless, that hunger and misery and anarchy would reign over Russia for many years. But I did not then return. I stayed for eleven months thereafter, and saw arise the political and economic structures that I now describe.

### THE POLITICAL ORGANIZATION.

Taking the place of our aldermanic chambers or city councils, each town and city in Soviet Russia is governed by a soviet. The word soviet means council. This soviet is a delegate body, the delegates coming from all the trade and professional unions in the city, from every group doing socially useful work whether by hand or brain. Delegates are sent not only from the machinists', the plumbers'



and the carpenters' unions, but also by the medical union, the teachers', the clerical workers, and even by the mothers' association. (Home-making and child-rearing are considered to be in the highest class of socially-useful work, and the mothers' association in each city takes a general interest in everything that affects child life, and sends delegates to the city soviet just the same as does any trade or professional union. In Petrograd and in Samara I talked with some of the representatives from the mothers' associations in those cities, and found them to be intelligent and serious-minded women whose influence in the soviets was very great. Women without young children gain representation only on the same terms as men, that is, as they go to work and join the appropriate trade or professional union.)

The number of delegates from each union to the city soviet is proportionate to its membership. The idea of continuous representation is recognized. Unions have the right to recall or instruct their delegates at any time. It is difficult for a delegate long to act contrary to the wishes of those who elected him.

### ORGANIZATION OF A CITY SOVIET.

Obviously a council or soviet on which is at least one delegate from every occupational group is likely to be a large body. I saw small town soviets of no more than fifty members. Petrograd and Moscow soviets had from a thousand to twelve hundred delegates. The whole body meets monthly or oftener, though to meet the emergencies of war-making during the past year there has been a tendency to dele-

gate their powers and to have fewer elections.

The soviet as a whole appoints sub-committees, usually of three, on housing, public safety, food control, public health, the people's education, social welfare, the people's courts, etc. During the past year there were also "extraordinary commissions to combat counter-revolution". The chairmen of all these commissions or collegiums together form the central executive committee of the city soviet. In making appointments to these collegiums the city soviet is not obliged to appoint from within its own ranks.

In the large cities there are district or ward soviets, built up from the house-block committees and shop committees of the ward. They have executive but no legislative powers. They carry out the orders of the city central soviet and play a large part in the housing and food-control systems.

### VILLAGE SOVIETS.

The innumerable village soviets, made up of farmers, of course, send delegates to regional or provincial soviets, and thence to the all-Russian congresses of workmen's and peasants' deputies.

The peasants of Russia so far have had less representation in the all-Russian congresses than have the city workers, the latter having representatives at the rate of one per 25,000, whereas the peasants had only one for every 125,000. This roughly equalizes the number of city and country delegates in the congresses, since the peasants outnumber the city population probably five to one. The city workers explain this discrimination on two grounds;

(1) that the revolution was made chiefly by the city workers, and (2) that the city workers have given the right of self-determination to the peasants in the matter that most concerns the peasant, the land question, having enacted into law the peasant party's land program instead of their own. They, being Marxian socialists, would not have broken up the large estates, but would have kept them intact, encouraging large-scale agriculture and scientific methods. In turn they claim for themselves the right of self-determination in the matter of the socialization of industries, which more vitally affects the city workers.

### **ALL-RUSSIAN CONGRESSES OF SOVIETS.**

Periodically there are held great congresses of delegates from all the city and provincial soviets. According to the constitution, they must be convened twice a year. Actually there have been seven such congresses during these first two and a quarter eventful years of the Soviet regime, so many have been the crises to be met. At the sessions of the third and fourth all-Russian congresses that I attended, there were from 1,000 to 1,200 delegates from city and provincial soviets all over the country. The congresses are usually in session for from six to fifteen days.

On the last day before adjourning they appoint a central executive committee of 200 to be the repository of all power for the ensuing six months receiving its mandate from the congress that elected it, reporting its acts to the next congress, and then resigning. Its members are eligible for re-election to the next central executive committee.

Under this system changes of government personnel can be easily made, yet there is opportunity for continuity. Good representatives may remain in office indefinitely, though always removable.

The Proportional Representation System is used by the All-Russian congresses in appointing the central executive committee. Each political party within the congress—Communist, Menshevist, Social-Revolutionary, and so on—is entitled to appoint its exact proportion.

**The All-Russian Central Executive Committee** meets almost every day in the national capital of Moscow during its six months' term of office.

It has legislative as well as executive powers, except on the broad questions of policy which are passed upon by the congresses.

It appoints and controls the 18 commissariats or committees, the chairmen of which form the Council of People's Commissars, or Cabinet.

**The Council of People's Commissars** appoints its own president, which so far has been Nikolai Lenin. There is no president of the republic. Lenin is only president of the Cabinet and may be recalled by the Cabinet any day, just as the Cabinet or any member of it may be recalled at any time by the All-Russian Central Executive Committee.

Some of the eighteen commissariats are: Foreign Affairs (G. Tchitchernin); War (Leon Trotzky); The People's Education (A. Lunacharsky and Maxim Gorki); Social Welfare (Alexandra Kollontay); Supreme Council of National Economy (Vladimir Miliutin); also Posts and Telegraphs; Ways and Communi-

cations; Finance; and The People's Justice.

Decrees passed by those commissariats must be approved by the Council of People's Commissars and by the All-Russian Central Executive Committee, before they are promulgated.

## **THE SOVIETS AND THE BOLSHEVIK PARTY.**

In the minds of many people there is so much confusion that perhaps it is worth while to make clear the fact that the Bolshevik or Communist Party might be overthrown peaceably without overthrowing the Soviet system. The party of which Nicolai Lenin is the distinguished leader is only one party within the Soviets, albeit for the present the dominant party, just as the Republican Party is now the dominant party within the American Congress.

It is the opinion of many neutral observers in Russia that if not for Allied intervention and invasion a year and a half ago, the Bolsheviks would have lost their leadership of the Soviets to either the Menshevik or the Social Revolutionary Party. But attack from without caused a suspension of the family quarrel within the ranks of the revolutionists, and they united to repel the invader.

## **THE BOLSHEVIKS MODERATING.**

During the eighteen months' period of grace that Allied invasion vouchsafed to them, the Bolsheviks have moderated so much, have so approximated to the Menshevik position as to have taken the wind out of their opponents' sails. Responsibility and experience are usually sobering, and so it has been in Russia.

Lenin and other soviet leaders are not "going by the book"; their quality of mind is surprisingly little doctrinaire, considering their past lives as revolutionary agitators. They are realists dealing with conditions and facing facts, and it is certain that revolutionary Russia has not reached a state of finality in her governmental form, even granted that the soviet system is there to stay.

### NOT INTRODUCING COMMUNISM.

Though the government party in Russia is the Bolshevik or Communist Party, it is not communism that they are now introducing. Contrary to general impression, they are not paying equal salaries, and they are not socializing all industries. Though their ultimate aim is communism they believe, I think, that Russia will have to go through the same purgatorial stages of economic development that other countries have gone through. But they believe that under proletarian control of the state they can consciously accelerate the rate of evolution and hurry through the different stages that must be passed through before the country will be ripe for communism.

The political soviet structure that I have been describing is considered to be temporary, as is the scaffolding around a building. It enables the permanent enduring structure to be built. Having captured the political state the workers of Russia are now turning their hands to the work of constructing the people's palace of the new economic order. Danger threatened from the syndicalist tendencies of some of the industrial unions who wanted to run their industries without considering the inter-

ests of the country as a whole. The co-relation and interlocking of the industries was imperative. Industries using public capital, such as the railroads, or exploiting such natural resources as the underground stores of coal, oil, copper, iron, etc., could not be turned over for management exclusively to the industrial unions concerned, for the public has a paramount interest.

To co-relate these industries there has gradually been evolved the Supreme Council of Public Economy. I was in Petrograd when this body came into existence, in January, 1918. A few representatives of the industrial unions, shop stewards' committees and technical experts met in a cold stone building overlooking the frozen Neva and faced the superhuman task of bringing order out of the economic chaos. There were famine, lack of raw materials, sabotage of technical staffs, crippled railroads, the counter-revolutionary bands and Prussian war-lords threatening invasion, making a situation that might have daunted the stoutest-hearted. But they laid their plans; thought of the forests of the north, the fisheries of the White Sea, the oil fields of the Caucasus, the iron and copper and gold of the Urals, the new railroads and canals that needed to be built.

Five months later there was the first big All-Russian Conference of the newly-formed regional economic councils from all over central Russia and from some of the far-distant parts. The Supreme Council of Public Economy had become a great state institution. Silently the Supreme Council of Public Economy was becoming the centre of the new economic life of the Republic. It had been created while

the more prominent political body, the Soviet, was struggling to preserve the existence of the republic from enemies within and without. As Philips Price well puts it, the **Supreme Council of Public Economy** was the tool designed to create the new order in Russia; the Soviet was only the temporary weapon to protect the hands that worked that tool.

### THE ECONOMIC ORGANIZATION OF SOVIET RUSSIA.

Russian industries today may be divided into three groups: (1) The privately-owned, (2) the co-operative, (3) the nationalized.

#### THE PRIVATELY-OWNED.

In point of number of establishments, the privately-owned form still the largest group, but they are mostly the moderate-sized or small concerns. Under certain conditions they can get credit from the State Bank.

The Bolsheviki consider it advantageous to have the three systems operating side by side. If any one thinks that by his superior energy and initiative he can compete with the nationalized or co-operative industries, why not? It would be stimulating to the socialized industries. Obviously, in order to attract labor he would have to pay wages at least as high as those the workers could get in the socialized factories and would have to treat them as well.

Many large establishments where the owners were amenable to control and got along well with their workers, were not nationalized. Technically they were, but actually they were not. The title to his plant passed from the owner to the government, but it was leased



back to him at a nominal rental, and he was left alone to manage his enterprise.

This group is called "sequestered and requisitioned", as apart from the "confiscated and nationalized". It is really a development from the treatment of essential industries during the war. Some of the prominent factories that were in this sequestered but not nationalized group are the big cable and copper-wire factory of Alexiev Tishnikoff and Company at Podolsk in the Moscow Gubernia, the Russian Electrical Company in Moscow, the Moscow Telephone and Telegraph Manufacturing Company, the textile factories of the Sava Morosoff Company in Nikolsk, Vladimir Gubernia, the Galino textile factory at Tambov, and numerous others.

Generally the Government appointed one member of the Board of Directors of a controlled factory and the workers appointed another, but the bulk of the power remained with the owning managers.

### **WORKERS CO-OPERATIVELY OWN MANY FACTORIES.**

So far as the co-operative industries are concerned, many medium sized factories and business enterprises are now owned jointly by the workers engaged in them, particularly where the capital required is not excessively large. A great many restaurants were owned and managed co-operatively by the waiters' and cooks' union, barbers co-operatively owned barber shops, and tailors' and shoemakers' unions in some places ran clothing and shoe factories. Some few of the theatres were managed directly by the Dramatic Actors' Association.

*To manage  
the whole  
industry*

# **COAL CENTRAL**

*3 from Supreme Council  
3 from Coal Workers  
Union  
3 Technical  
Experts*

**BOARDS OF**  
*for each m*

*1 from the  
1 from the  
1 from the  
Economic*

*Board of  
Managers 3*

**COAL MINE  
No. 1**

*Miners Committee*

*Board of  
Managers 3*

**COAL MINE  
No. 2**

*Miners' Committee*

*Board of  
Managers 3*

**COAL MINE  
No. 3**

*Miners' Committee*

## **COAL MINERS UNION**

*Organized locally,  
regionally and  
nationally*

*Appoints one-third  
of the Coal Central*

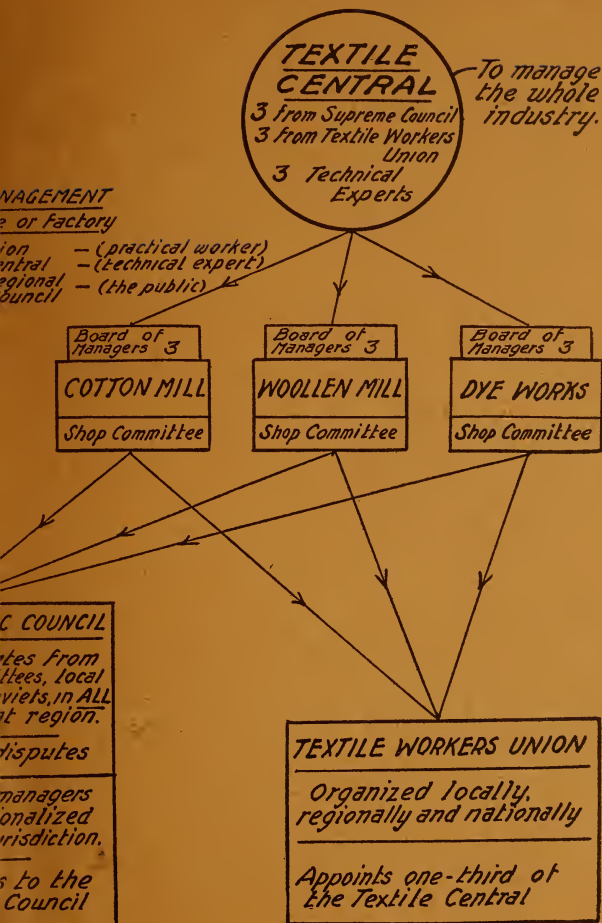
## **REGIONAL ECONO.**

*Comprised of dele  
ALL the shop com.  
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*Has two delegat  
Supreme Econom*



Where the workers jointly provide their own capital, the State has only certain regulatory powers. This type of industry is receiving every possible encouragement, for Soviet Russia is avoiding the centralized control and bureaucracy of government ownership as she would the plague. Credits for worker-owned factories are readily obtained through the State banking system.

### **THE NATIONALIZED INDUSTRIES.**

Nearly 3,000 of the largest factories and mills in Russia have now been nationalized.

Some establishments are municipalized rather than nationalized. For instance, I visited a dairy farm about fifteen miles from Samara that was owned and managed by the Samara Soviet. It had some eight hundred head of dairy cattle, and gave every appearance of being reasonably well managed. This was not co-operatively-owned by the farm workers. They were but employes, having only minority representation in the management. Electric street railways similarly were owned by the city concerned, their employes having a share in the management.

In principle, the industries that are being nationalized are those that are monopolistic in character, such as electric and rail transportation, those that are exploiting natural resources that belong to the nation, and the fully-developed industries that have reached the trust stage.

### **SUPREME COUNCIL OF PUBLIC ECONOMY.**

To manage and co-relate all the nationalized industries of Russia there is a Supreme Council

of Public Economy, made up of 69 members. The chairman, Vladimir Miliutin, has a seat in the Council of The People's Commissars, or Cabinet. Diagram number one may serve to make clear the organization that has been evolved, or rather that is still evolving, for it is not a pretty little scheme conceived in any one man's brain or existing only on paper. Like Topsy, it "just grew". (See pages 16 and 17.)

At the top are indicated some of the big industrial unions that together appoint thirty members of the Supreme Economic Council (and whom they may change at will). The Cabinet sends seven (commissars of finance, agriculture, posts and telegraphs, ways and communications, etc.). The ten regional economic councils each appoint two members, and two come from the All-Russian Co-operatives which have now become the big distributing media for the nationalized as well as for the co-operative establishments.

The Supreme Council of Public Economy thus represents all elements engaged in production. Hours and wages in the nationalized factories are determined by this body.

### APPOINTING MANAGERS.

To manage each industry there is a "Central" or board of directors, composed of nine members. Taking, for example, the coal industry, to manage all the coal mines in Soviet Russia there is a "Coal Central" of nine members appointed as follows: Three by the National Coal Miners' Union (practical workers), three by the Supreme Council of Public Economy (the public), and the remaining three are technical experts appointed upon recommen-

dation of the coal-mine managers.

To manage each mine or group of mines there is a board of three managers. One comes from the workers, elected either directly or through their mine committee, and whom they may change at any time. The second member is appointed from Moscow by the Coal Central, a technical mining engineer, and the third comes from the regional economic council, a body representing all the workers in all the industries of that economic region.

### **MANAGERS HAVE REAL POWER.**

To these managers and technical experts is given real power. They are not at the mercy of the chance vote of a lot of more or less ignorant workers. They have power to hire and to "fire", tempered by the fact that there is machinery for appeal and adjustment.

If a worker be disciplined, discharged or suspended, he thinks unjustly, he appeals to his shop committee, which then takes up the dispute with the board of managers, one of whom is their own appointee. Most disputes would be peaceably settled at that point. If, however, the managers stood by their decision, the next step of the shop committee would be to appeal to the Regional Economic Council, which body, it will be remembered, appointed manager number two. It is highly improbable that any dispute would get past this point without being settled. If it did, however, still no impasse would be reached, for the third place of adjustment would be at the offices of the Coal Central, which appointed manager number three. The National Coal Miners' Union could also go direct to the Coal Central, one-third of whose members they appointed.

The final court of all is the Supreme Council of Public Economy, though it is inconceivable that any but a national industry-wide conflict would ever get so far without being amicably settled.

If the workers in any industry were to refuse to accept the decision of the Supreme Council of Public Economy, they would so obviously be striking against all the workers of Russia that they would find absolutely no support in public opinion whatsoever. It is in this way that Soviet Russia expects to avoid strikes without denying to the workers the right to strike.

### **THE WAGE SCALES IN THE NATIONALIZED INDUSTRIES AND SERVICES.**

In many nationalized establishments now the day or weekly wage has given way to a modified piece-work system or premium wage scale that stimulates productivity and rewards efficiency.

There is much work, however, that cannot be measured in terms of product, as for instance, executives, technical engineers, clerical workers, teachers and other professional people. All such occupations are classified into 27 groups (with sub groups) ranging from the young unskilled laborer or boy just entering industry up to the technical experts and executives at the top, with salaries ranging between 1,200 rubles a month minimum up to 4,000 rubles a month maximum. (At present rate of exchange, from \$60 a month up to \$200.) That "maximum" is exceeded sometimes by any sum necessary to secure some desired technical expert, though it is regarded as a defection from principle.

No believing communist, not even Lenin

himself, is paid more than 4,000 rubles a month.

Having been engaged in cultural-educational work for many years, it has interested me very much recently to hear that teachers in Russia have been placed in category number one, in the class with the technical experts and executives, getting the highest rate of pay.

Wages in the privately-owned and in the co-operative industries are determined by mutual agreement.

Artists, writers, poets, actors, lecturers, singers and many others are either "free lances" receiving in fees whatever their patrons pay them, or they may be in the employ of various organizations. There is no thought of regimenting artists (or anyone else for that matter.) It is considered that artists need only an enlightened art-loving public and personal freedom. But not merely freedom to starve! There must be opportunity, say during their period of immaturity or mediocrity, for them to earn a modest living by only a few hours work a week in more prosaic occupations, their art for the time being an avocation.

Doctors, dentists, and nurses may practice privately, as before, or they may be employed by the departments of public health which are rapidly socializing medicine. Priests are no longer in the pay of a state church, but are now paid by their congregations. Lawyers, as such, were hard hit. Some former lawyers were appointed as judges in the new People's Courts of Equity. It is surprising to find how many lawyers were revolutionists and themselves regarded their former profession as parasitic. Lenin himself was once a lawyer.



Professional lawyers have been supplanted by a system of courts elected by the soviets and acting according to the principles of what they call common-sense justice.

## FINANCIAL RESULTS OF NATIONALIZATION.

According to "Ekonomitcheskaya Zhizn," "Economic Life," official organ of the Supreme Council of Public Economy, the financial results of nationalization from January 1918 up to the end of June 1919 was a loss of a little over seven billion rubles. This does not include some three and a half billion rubles capital expenditure on adapting private undertakings for nationalization, removing machinery and staffs, and other one-time expenditure.

The losses are officially put as due to (1) cost of production exceeding receipts from sales; (2) heavy administration expenditure, due to bureaucratic overstaffing; (3) payment of wages to large numbers of hands who owing to lack of fuel or raw material were temporarily unoccupied. Thus the Petrograd Putiloff iron and steel works was paid 66,000,000 rubles for wages in 1918; but it produced goods worth only 15,000,000 rubles. The textile works are much better off, a large proportion of hands being kept steadily occupied, mostly with flax and linen weaving. By a new invention, cotton-spinning machinery was adapted to the spinning of flax.

Interesting and authoritative information came a month ago in a letter from Mr. George Lomonosoff, Head of the Department of State Construction. Mr. Lomonosoff is not a

bolshevik but a menshevik. He is a noted engineer, known all over Russia, and was sent as an envoy to America from the Ministry of Communications in the Kerensky Cabinet, returning to Russia only seven or eight months ago.

In his letter he says that the productivity of Russian factories has been increasing, and estimates that most factories that are not cut off from their raw materials are now producing about the same as they did before the war. (In the first months of the Bolshevik revolution productivity fell down in some places to as low as twenty per cent).

Speaking of his own work, as Head of the Department of State Construction, he tells of "the biggest electric generating station in the world" now under construction near Moscow. He expects within a year or two to have most of the factories in the Moscow district completely electrified. Extensive peat beds are being used for the cheap production of electricity. He says also that his department is now at work building two new cities. A few months ago they widened and deepened a canal system between the Baltic sea and the Volga river, which permitted torpedo boats to be transferred from the Baltic through to the Caspian sea. Those vessels appearing unexpectedly in Denekin's rear played some part in his defeat. That engineering project had been planned for many years, but not heretofore executed. He says also that some hundreds of miles of new railway lines are under construction.

On October 20th last at Briansk was opened the first factory in Russia for the production

of benzol, under management of the Chemical Central of the Supreme Council of Public Economy.

"*Ekonomitcheskaya Zhizn*" ("Economic Life") reporting the condition of the cotton mills in the Moscow district in June 1919 says that of 550 mills 447 were working, employing 413,822 persons, producing yarn and textiles not of cotton but of linen. Flax is relatively abundant and the mill plants have been adapted.

### EXTENT OF NATIONALIZATION.

According to the latest available information, a report made by Vladimir Miliutin, chairman of the Supreme Council of Public Economy, in November last, nearly three thousand of the largest establishments have been nationalized, of which he says nearly nine hundred were not working at that time because of lack of fuel. (Railroads were being used exclusively for military purposes, transporting the Red Army between the thirteen different fronts on which they were fighting, and they had not then recaptured the big coal mines of the Donetz basin.)

The chief nationalization decree dated June 28, 1918) nationalized certain classes of undertakings capitalized at not less than 1,000,000 rubles, and certain classes capitalized at not less than 500,000 rubles. The undertakings listed in that particular decree numbered 1,100. Mines were the only industry in which every undertaking, regardless of capitalization, was nationalized. Stockholders were not compensated. Owner-managers were given the opportunity of con-

tinuing in the management.

On June 1, 1918, before the nationalization decree first mentioned, about 500 miscellaneous undertakings were nationalized. This was done on no system, the aim being to rescue the plants from the employees, who had themselves seized plant and stock and tried to run production on their own account without state control or expert guidance. The owners, experts and engineers were mostly chased away. This anarchical system of communization led to loss, stoppage of production and wreckage or sale of machinery; and it was this which led the Soviet State to intervene. A recent tendency is to continue leaving the middle-sized and small industries free.

### FOREIGN TRADE.

When the blockade shall have been broken and foreign trade resumed, imports and exports will be a government monopoly, managed by a department of the Supreme Council of Public Economy. In selling goods to Soviet Russia expenses of salesmanship, advertising and long-time credits will be eliminated. Russia will get the benefit of large-scale buying, getting competitive bids from American, English, French and German manufacturers.

The government has expressed unwillingness to buy goods made by cheap labor, as it might in the Orient. If practicable, Soviet Russia plans to require on every piece of goods bought by them the Union Label and a guarantee that no child labor has entered into its manufacture.

Available to pay for first purchases it has

stores of hemp, hides, flax, timber, platinum and gold. It has two hundred million dollars in gold bullion immediately available.

Mr. Isaac -Don Levine, interviewing Vladimir Miliutin, asked what effect possession of the Ural gold mines would have upon the financial condition of Soviet Russia. Mr. Miliutin replied:

"Gold is no longer required for internal financial purposes. We keep gold reserves only for trade with foreign countries. As soon as the blockade is raised we intend to purchase large quantities of manufactured products abroad, paying for them with gold and raw materials such as lumber, wool, hemp, flax and cotton.

"Internally, money has lost some of its former importance, since we have nationalized the industries and commerce. Even now, when our textile trust buys coal from the fuel trust, no actual money is transferred from the treasury of the first trust to that of the second, but the value in money is entered on the books. The banks have become centers of social book-keeping. Since both trusts are owned by the government the deposits of one are equalized by the surpluses of the other in the state treasury. Money is thus used only as a measure of value. Under complete nationalization money would disappear as a purchasing power. Gold would then be used for dental and similar purposes within soviet Russia, and for foreign purchases."

Testimony as to the later workings of this political and economic organization that I saw in the making was recently supplied by an unusually competent observer, Professor W. T.

Goode, sent to Russia by the Manchester Guardian as their special investigator. Writing late in October he said:

"That it is a strong government is beyond dispute. The idea that it is composed of men who forced themselves into offices for which they were entirely unfit seems to me, after months of experience among them, quite outside the truth. The eighteen Commissars, or Ministers, are men of unusual intelligence—in some cases of high technical qualifications. And however they have been chosen, they were well chosen.

"Lenin himself, whatever opinion may be held of his ideas, is by way of being a political genius. Krassin, Commissar for Transportation, is a highly qualified technician and was formerly manager for all the Russias of the Siemens-Schuckert Company. Lunacharsky, Commissar of the People's Education, is a man in love with his work, and one who has that rare quality in an educational reformer—vision—and he labors to materialize his visions. Miliutin, Commissar of Industries, was a professor of economics at Moscow University. Kurski, Commissar of Justice, is a lawyer, while in Tomski and Melnichansky, of the professional unions; Dr. Semasko, State Hygiene; Mrs. Lebedev, doctor of medicine of the Maternity branch of the Commissariat of Social Welfare, and Siderski of Food Control, not to mention others, the government has people of solid ability, great experience and considerable powers for work.

"The Council of People's Commissars is a strong executive body, and they are men of grip. They recoil from no act which they con-

sider justifiable in the interests of the government. And here is, I think, one of the secrets of their power. Another is their capacity for work. The stories of orgies and self-seeking are quite false. A London clerk lives better than they do. Their lives are simple, their habits and dress equally so.

"I mention this only to show the character of the men who are in the forefront of bolshevism and to put down coldly my experience with them. But even these men could not hold their own without a good organization to back them. This they have, and the western world should realize that politically and administratively the organization is strong and capable.

"The commissariats, or ministries, are well-housed, elaborately organized and highly staffed. They are employing large numbers of the former bourgeoisie. The head and front of the whole organization is supplied by pure socialists, of the Bolshevik party, some three hundred thousand strong. Its discipline, self-imposed, is complete and unique and is rigidly observed. When called upon for some duty, however distasteful, the professed communist must obey without hesitation. At times even the leaders are ordered off into the country to some part where propaganda is needed, without explanation or justification, and they go.

"In cases where some lapse occurs, bribery or lawbreaking, if the offender be a non-communist, he is punished with prison; if communist, he is shot as a traitor to his principles. It will be seen, then, that the com-

munists form the spearhead of bolshevism, and are a formidable weapon."

## DEPARTMENT OF STATE IMPROVEMENT.

For supervision and improvement of the whole organization of government there has been set up a department of state control (responsible to the All-Russian Congresses), which deserves a brief description.

It is subdivided and covers the whole administration. Its powers extend to all departments, to the central executive committee, even to the Council of People's Commissars. It controls the finances and budget. It is capable of compelling departments to improve their work, and can stop overlapping of departments and duplication of work. It has suppressed departments as unnecessary. If any official does work that is unsatisfactory, it can recommend his removal, and it can and does prosecute incompetent or sinning officials.

And not only does it control, it also instructs, and sends down officials to teach those in provincial towns and local soviets.

One of the greatest difficulties experienced by the Bolsheviks has been in finding competent officials, and they themselves trace many of their errors to the character of the men they employed at first. But they have set out to supply themselves with more reliable elements.

In the palatial club of Moscow merchants they have established a school of Soviet workers with seven hundred students drawn from all parts of Russia by the local soviets, whose expenses are paid, and a course of four



months provided in matters relating to local government.

A test has to be passed at the end of the course, and when it is remembered that these 700 can be turned out three times a year, the influence of such a move can be understood.

### ECONOMIC ALLIANCES.

From what I know of Soviet Russia's economic philosophy and from talks I had with Tchichernin, Commissar for Foreign Affairs, Lunacharsky, Alexandra Kollontay and Lenin himself, I should say that it is not likely that the Soviet Government will enter into exclusive agreements to purchase from or to sell to particular countries. They stand for free trade between nations.

Russia is against the peace conference idea of turning Europe into a patch-work quilt of small states, each maintaining customs barriers likely to lead to fresh wars. The bolshevists believe rather in integration into fewer and larger economic units by voluntary federation, but they think that will hardly come until the workers in other countries gain control. Their contention is that the European States economically are not independent of each other but interdependent. Each has something that the others need: One has raw materials in abundance, another food, another manufactured goods. Political autonomy should be retained, but economic federation is necessary, they say.

The Soviet Foreign Office will doubtless welcome the federation of the Baltic States as a step in the right direction, notwithstanding that France considers such federation a means of defense against bolshevism.

One soviet official once asked me in Moscow: "What kind of a country would your America be if its forty-eight states were economically autonomous and Massachusetts couldn't trade with New York State without paying heavy duties? Wouldn't it be an anachronism in the twentieth century?"

The ultimate dream of many in soviet Russia is that when the workers rule in Europe and battle-flags are furled, then the European states, with linked-up railroads and a common currency, will evolve for the purposes of their economic life into The United States of Europe, without monarchies, without armies and without customs barriers.

Chimerical? Yes, but so seemed the idea that the councils of workers' and peasants' deputies could unify and govern mighty Russia. Yet measurably they are doing that, in face of the hostility of old and powerful foreign governments. Without such hostility Russia would have been tranquil as far back as March or April of nineteen-eighteen. Russian counter-revolution was crushed and the period of reconciliation had set in. Then came foreign intervention, a revival of bitterness, terroristic excesses, and the retention in power of the very party the Allied governments wanted to "down." Now Russia has defeated her foreign as well as her domestic enemies. Were there peace with the outside world it is certain that there would be reconciliation within Russia, an end of terror, an end of sabotage, and the counsels of the more moderate would prevail. Experience and responsibility would continue their sobering work.



From All-Russian Central Executive Committee	10
From Council of Peoples Commissars (Chairman)	7
Two from each of Regional Economic Councils	
From All-Russian Co-operatives	2

TEXTILE  
FACILITIES  
Union

Union of  
STATE  
BANK  
workers

MACHINISTS  
Union

CHEMICAL  
Workers  
Union

Union of  
RAILROAD  
Workers

STEEL  
Union

COAL  
Workers  
Union

These Industrial  
Unions of Workers in  
nationalized industries  
together have thirty delegates  
in the Supreme Council  
of Public Economy.

## SUPREME COUNCIL of PUBLIC ECONOMY

To manage and coordinate all nationalized industries

From Industrial Unions	30
- Central Executive Com.	10
- 10 Regional Councils	20
- Peoples Commissars	7
- Co-operatives	2
<b>Total</b>	<b>69</b>

The President of this Supreme  
Economic Council is the Peoples  
Commissar of National Economy,  
and has a seat in the Cabinet.

Composition of each  
Central Board

from Supreme  
Economic Council - Public  
from factory or  
mine managers - Technical  
from  
Workers union - Practical  
Worker

TEXTILE  
CENTRAL  
9

STATE  
BANK  
DIRECTOR-  
CENTRAL  
9

METAL-  
LURGICAL  
CENTRAL  
9

CHEMICAL  
CENTRAL  
9

RAILROAD  
CENTRAL  
9

STEEL  
CENTRAL  
9

COAL  
CENTRAL  
9

Central Boards of  
Management for  
each industry

9  
members

Different mills,  
factories  
etc.

Different departments,  
or railroad districts

Individual mines, or  
group of mines